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The DEMAND and PRICE SITUATION

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AMS

Approved by the Outlook and Situation Board, April 18, 1958

AGRICULTURAL OUTLOOK AND SITUATION

Substantial gains were recorded in prices and incomes to farmers in the first quarter of the year. Prices received by farmers averaged more than 7 percent above the first quarter of 1957, and in mid-March were at the highest level in almost 5 years. Although prices paid by farmers have continued to reach new highs, the parity ratio has also been improved, averaging 84 in the first quarter of 1958 compared with 81 in the same quarter a year earlier. The annual rate of farm operators' realized net income in the first quarter of 1958 rose to about 13 billion dollars compared with a rate of 11.7 billion a year earlier. While the flow of income to farmers was augmented earlier this year by delayed marketings from last year's late harvests, most of the gain in farm income reflected the current improvement in the agricultural price situation.

Prices of farm products are running well above last year and are expected to average higher for the year than in 1957. However, as the new harvests approach and with prospects that supplies of

(Continued on page 3)

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UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1957 Year	1957 Mar.	1957 Dec.	1958 Jan.	1958 Feb.	1958 Mar.
Industrial production: Seasonally adj. 1/							
Total	1947-49=100	143	145	135	133	130	128
All manufactures	do.	145	147	137	134	131	129
Durable goods	do.	160	163	146	142	137	135
Nondurable goods	do.	130	131	127	126	125	124
Minerals	do.	128	132	122	122	119	113
Construction:							
Total outlays, seasonally adjusted 2/	Mil. dol.	47,255	3,912	4,051	4,034	4,024	4,010
Public construction	Mil. dol.	13,942	1,160	1,197	1,249	1,247	1,260
Private residential	Mil. dol.	16,571	1,383	1,444	1,403	1,408	1,389
Housing starts	Thousands	1,041	933	1,000	1,030	890	880
Manufacturers' sales and inventories: 2/							
Total sales, seasonally adjusted	Mil. dol.	28,383	28,426	26,690	26,350	25,593	
Durable goods	Mil. dol.	14,159	14,198	13,092	12,646	11,990	
Unfilled orders-sales ratio 5/		3.40	4.25	3.68	3.68	3.78	
Inventory-sales ratio 6/		1.89	1.88	2.01	2.01	2.05	
Durable goods		2.20	2.20	2.38	2.50	2.52	
Employment and wages: 7/							
Total civilian employment	Millions	65.0	63.9	64.4	62.2	62.0	62.3
Nonagricultural	do.	58.8	58.4	59.0	57.2	57.2	57.2
Unemployment	do.	2.9	2.9	3.4	4.5	5.2	5.2
Workweek in manufacturing	Hours	39.8	40.1	39.4	38.7	38.4	38.5
Hourly earnings in manufacturing	Dollars	2.07	2.05	2.10	2.10	2.10	2.10
Income and spending:							
Personal income payments 2/ 3/	Bil. dol.	343.4	340.2	343.6	343.6	341.8	
Consumer credit outstanding 1/	Mil. dol.	44,776	40,735	44,776	43,966	43,043	
Automobile	Mil. dol.	15,496	14,528	15,496	15,326	15,122	
Total retail sales, seasonally adj. 2/	Mil. dol.	16,601	16,298	16,855	16,718	16,115	15,928
Durable goods	Mil. dol.	5,588	5,685	5,588	5,538	5,055	4,932
Inventory-sales ratio 6/		1.47	1.45	1.45	1.46	1.51	
Prices:							
Wholesale prices, all commodities 4/	1947-49=100	118	117	118	119	119	120
Commodities other than farm and food	do.	126	125	126	126	126	126
Farm products	do.	91	89	93	94	96	100
Foods processed	do.	106	104	107	110	110	111
Consumer price index, all items 4/	1947-49=100	120	119	122	122	122	
Food	do.	115	113	116	118	119	
Prices received by farmers 8/	1910-14=100	242	238	242	247	252	263
Crops	do.	234	237	218	225	229	244
Livestock and products	do.	249	238	264	267	273	280
Prices paid, interest, taxes and wage rates 8/	1910-14=100	296	294	299	301	302	304
Family living items	do.	286	284	289	289	290	293
Production items	do.	258	258	263	264	265	268
Parity ratio 8/		82	81	81	82	83	87
Farm income and marketings: 8/							
Volume of farm marketings	1947-49=100	116	90	131	120	97	89
Cash receipts from farm marketings	Mil. dol.	30,019	1,880	2,933	2,708	2,144	2,100

Annual data for most of these items for the years 1929 and 1939-57 appear on page 35 of the April 1958 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

THE DEMAND AND PRICE SITUATION

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CONTENTS

Continued from page 1 -

farm products will increase, notably vegetables, hogs, fed cattle and eggs, current levels of prices and incomes may move toward the levels of 1957. Even so, farm operators' realized net income in 1958 is expected to be 5 to 10 percent larger than the 11.5 billions in 1957. This will reflect some increase in cash receipts from marketings and larger outlays to farmers for participation in the Soil Bank which will be only partly offset by some increase in production expenses, especially for feeder livestock and for such overhead costs as interest and taxes. If weather conditions are more nearly average than last year, when harvests were late and crop inventories sharply increased at year end, farm held inventories of farm products may show some reduction this year.

Domestic demand for food has continued strong and consumer markets for nonfood farm products has apparently been little affected by the current recession, the third of the postwar period. Although there has been a substantial cutback in industrial output and a rise in unemployment since last fall, the flow of income to consumers, cushioned by increasing unemployment compensation payments, has not been drastically reduced--less than 2 percent from the record rate of last August. Most of the decline in economic activity thus far has resulted from weakening in the capital goods industries and in consumer durables, particularly automobiles, which was accompanied by a substantial decline in business inventories. Sales at retail food stores, however, have continued to increase, averaging some 9 percent higher in the first quarter of 1958 than a year earlier.

The underlying forces in the economy suggest that consumer incomes may well stabilize close to current levels with some rise later in the year. Consequently, consumer demand for food should continue fairly strong and steady for the remainder of the year.

The current heavy rate of inventory decline has reduced production below consumption in a number of major industries. If final demands are maintained close to current levels, as seems likely, the rate of inventory liquidation will lessen and production and employment schedules increase. Although business investment in new plant and equipment is being reduced sharply this year, reflecting the rapid build-up in industrial facilities since 1955 and the emergence of excess capacity in many industries, the impact of this development will likely be offset by expansion elsewhere in the economy. Housing construction for which funds are becoming more readily available and purchase terms have been eased, may well improve later this year. Outlays of State and local Governments for schools, highways and other public facilities continue to rise steadily and expenditures of the Federal Government which have been relatively stable for some months are scheduled to rise significantly in coming months.

With domestic demand holding quite steady, the improved price situation in agriculture very largely reflects reduced supplies. Cattle slaughter in the first quarter of this year was down about 11 percent from a year earlier, reflecting the cyclical downtrend in cattle numbers, a later feeding season as well as some recent withholding of cattle for breeding purposes. Accompanying the smaller supplies, beef cattle prices averaged 35 percent above January-March 1957 and are expected to continue higher this year than last. Hog slaughter too, in January-March was down 7 to 8 percent from the same months of 1957 and prices averaged 16 percent higher. Hog prices will decline in the last half of the year when supplies will rise seasonally and be above 1957 levels. With reduced red meat supplies and a smaller output of eggs, poultry product prices in January-March averaged 15 percent above a year earlier. Cold, unfavorable growing weather this winter and spring reduced production of citrus fruits, winter vegetables and potatoes. As a result, commercial vegetable prices were up 50 percent and potatoes more than 60 percent from the relatively low prices in the opening quarter of 1957, but prices are likely to recede from these levels later in the season.

On the other hand, prices of commodities for which supplies continue heavy (wheat, feed grains and oil-bearing crops) are below a year ago. Supplies of these products will likely continue large in 1958-59. A substantial increase in wheat production is presently indicated with prospects for some further rise in carryover by mid-1959. The price support for 1958 crop wheat has been reduced about 10 percent. While farmers intended to plant less feed grain acreage (March 1 intentions) the carryover is a record high insuring large supplies in 1958-59. Price supports for feed grains for the coming crop are the same or slightly lower than for the 1957 crop. Farmers also intended to plant 10 percent more acreage in soybeans this year than last. The stock position of cotton has been improved substantially in the last 2 years and there is larger participation in the 1958 acreage reserve of the Soil Bank for cotton than in 1957. Prices received by farmers for cotton are currently

substantially below a year earlier, primarily a reflection of the poor quality of the 1957 crop, but central market prices for standard grades have remained firm. The price support for 1958 crop cotton is appreciably higher than for the 1957 crop.

Foreign takings of U. S. farm products during the current fiscal year ending June 30 are expected to be 10 to 15 percent lower than the record 4.7 billion dollars exported in 1956-57. Most of the decline is occurring in the shipments of wheat, cotton and rice, of which exports last year were exceptionally high. Exports of feed grains, however, have increased. Prospects for the remainder of 1958 indicate that our volume of exports will be maintained close to current levels.

Commodity Highlights

Considerable withholding of meat animals for an expansion of inventories and a later feeding season have reduced slaughter in recent months and strengthened prices; however, fed cattle prices are expected to decline seasonally this spring, and hog prices likely will remain around early-spring levels until mid-summer and then decline.

Prices to farmers for manufacturing milk and butterfat declined slightly around April 1, in line with the reduction in support to 75 percent of parity; the price to farmers for all milk this year may average from 12 to 14 cents under the $4.20 per cwt. in 1957.

Prices of eggs to farmers continue above last spring. Production is smaller and storage stocks of shell eggs on April 1 were less than 10 percent of a year earlier. Replacement hatch through March was about 8 percent above 1957.

Current estimates of soybean crushings and exports indicate a new peak for this marketing year, but supplies of soybeans are also record large leaving a carryover on October 1, 1958 of around 30 million bushels.

Prices to farmers for feed grains have advanced in recent months from the low levels of last winter, but with record supplies relative to feed requirements they will probably continue lower than a year earlier this spring and summer.

A winter wheat crop of 964 million bushels indicated on April 1 and an assumed spring wheat crop of 225 million bushels would push total wheat production to about 1.2 billion bushels. Even with disappearance of possibly a billion bushels, this output would result in a build up of stocks in the 1958-1959 marketing year.

Cold-storage stocks of apples on April 1 were much larger than last year and prices have averaged considerably under the high prices last year. Supplies of fresh oranges and grapefruit are substantially smaller this spring and prices are much above last year.

Supplies of vegetables for fresh market may be about the same as a year earlier during the remainder of this spring. Supplies of potatoes are substantially smaller this spring than last and prices in the next 6 to 8 weeks are likely to continue well above the low levels of a year earlier.

Disappearance of cotton this marketing year is now estimated at 13.6 million bales, and the carryover is expected to drop 2.6 million bales to about 8.7 million bales August 1, 1958.

Prices of domestic wools at Boston early in April were 15 to 50 cents a pound (clean basis) lower than a year earlier, reflecting the decline of world demand for wool. Indications are that prices received by farmers for wool this season will average lower than in 1957-58, but with the same incentive level in 1958 as in 1957, payments will be higher.

The 1958 output and consumption of most manufactured tobacco products are expected to continue near 1957 levels. Cigarette production last year was at a record level of 442 billion.

GENERAL BUSINESS ACTIVITY

Economic activity in the first quarter of 1958 continued the decline which started last fall; but the rate of decline in a number of important indicators apparently slowed between February and March.

Businessmen plan to reduce capital spending in 1958. Business inventories were also being cut back sharply in the first quarter of 1958. Construction activity, however, continues close to peak levels. Government spending is scheduled to rise moderately during the remainder of 1958, particularly as Federal spending picks up. Consumer incomes after taxes have declined only moderately in recent months as rising unemployment benefits and other Government payments partly offset declines in wages and salaries. Consumer expenditures for durable goods such as automobiles are also down, but sales of food stores continue substantially above year-earlier levels. Employment and production continued to decline in March and unemployment reached 7 percent of the civilian labor force.

Investment Expenditures

Reduced investment outlays by businessmen for industrial plant and equipment, commercial construction, and for inventory stocks have accounted for much of the recent decline in economic activity. Further declines in investment are scheduled, though increases in Government outlays for defense programs and for State and local facilities may largely counterbalance the effect of reduced private investment spending.

Business Investment Outlays To Decline Further

Capital spending by businessmen in 1958 is expected to be 13 percent lower than the record level of 37 billion dollars in 1957, according to a recent survey of business intentions by the Department of Commerce and the

Securities and Exchange Commission. Scheduled declines in 1958 are general except for public utility outlays which are expected to rise moderately. Manufacturing companies plan to spend about a sixth less than in 1957 while metals, motor vehicles and textiles will be down sharply. Spending by the chemical, machinery, petroleum and food industries are scheduled to be moderately below 1957. Spending by railroad companies is expected to be a third lower, and about a 15 percent cut is scheduled in capital outlays by mining and commercial companies.

Table 1.--Gross national product or expenditure, first quarter 1957 to first quarter 1958

(Seasonally adjusted annual rates)

Item	1957 First quarter	1957 Second quarter	1957 Third quarter	1957 Fourth quarter	1958 First quarter 1/
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Gross national product	429.9	435.5	440.0	432.6	424.0
Personal consumption expenditures	276.7	278.9	283.6	282.4	281.0
Durable goods	35.9	35.0	35.0	34.4	31.5
Nondurable goods	137.3	139.1	142.5	140.8	141.5
Services	103.4	104.9	106.1	107.2	108.0
Gross private domestic investment	63.6	66.2	66.5	61.3	53.5
New construction	32.8	32.7	33.0	34.0	33.3
Residential (nonfarm)	14.4	13.7	14.0	14.5	14.3
Other	18.5	19.0	19.0	19.5	19.0
Producers' durable equipment	30.7	30.5	30.5	30.0	27.7
Change in business inventories	.0	2.9	3.0	-2.7	-7.5
Net foreign investment	4.1	3.5	3.2	2.0	1.5
Government purchases of goods and services	85.6	86.9	86.7	87.0	88.0
Federal 2/	50.3	51.1	50.6	49.7	49.7
National security	45.5	46.3	45.8	45.0	45.0
Other	5.2	5.2	5.2	5.0	5.0
State and local	35.3	35.8	36.1	37.3	38.3
Disposable personal income	296.1	300.4	303.3	302.1	299.3

1/ Preliminary first quarter estimates by Council of Economic Advisers.
2/ Less government sales.

Note.- Detail will not necessarily add to totals because of rounding.

Department of Commerce.

Capital spending turned down in the last quarter of 1957 and is scheduled to decline through 1958. The first quarter of this year is scheduled at an annual rate of 34 billion dollars and the second at 32 billion dollars, down from the peak annual rate of 37.8 billion dollars in the third quarter of 1957. Although no specific plans for investment spending are reported for the last two quarters, schedules for the year imply a further decline this fall to a level possibly a fifth below the fall of 1957.

Business Inventories and Sales Decline

Businessmen expanded their investment in inventories rapidly in 1955 and 1956. By early 1957, as sales and new orders of many industries leveled out or began to decline, inventory policies shifted and inventory growth slowed. Manufacturing and trade sales slipped further in the last months of 1957, and businessmen began to reduce inventories. The cutbacks were at an annual rate of 2.7 billion dollars in the fourth quarter, and in the early months of this year apparently accelerated to an annual rate of about 6 billion dollars.

Table 2.--Business sales and inventories, first quarter 1957 to first quarter 1958

Item	Unit	1957 First quarter	1957 Second quarter	1957 Third quarter	1957 Fourth quarter	1958 1/ First quarter
Manufacturing:						
Sales 2/	Bil.dol.	29.3	28.5	28.6	27.3	26.0
Inventories	Bil.dol.	52.9	53.8	54.2	53.8	52.7
Stock-sales ratio	Ratio	1.81	1.89	1.90	1.97	2.03
Wholesale:						
Sales 2/	Bil.dol.	11.5	11.4	11.3	10.9	10.6
Inventories	Bil.dol.	12.8	12.7	12.8	12.8	12.6
Stock-sales ratio	Ratio	1.11	1.11	1.13	1.17	1.19
Retail:						
Sales 2/	Bil.dol.	16.3	16.6	17.0	16.7	16.4
Inventories	Bil.dol.	23.9	23.9	24.3	24.3	24.4
Stock-sales ratio	Ratio	1.47	1.44	1.43	1.46	1.49

1/ 2 month average.
2/ Monthly average.

Department of Commerce.

Manufacturers' sales and new orders during the first 2 months of 1958 were down 13 and 16 percent, respectively, from the same period in 1957, but inventories were about the same, although they were about 3 percent below the peak last fall. Thus, the ratio of stocks to sales has risen from 1.77 in the first two months of 1957 to 2.03 in the first 2 months of this year. The sharp decline in sales of durable goods raised the stock-sales ratio to 2.51 from 2.07 in the first 2 months of 1957. Stocks are large relative to sales for all industries except food. Stock-sales ratios at retail have remained relatively stable in recent months. The automobile group is an exception with a near-record volume of new passenger car inventories and sales around 15 percent below the early months of 1957.

New Construction Activity Holds Steady

New construction in the first quarter of 1958 continued close to the peak rates of last fall. Some declines in private construction have occurred in recent months, but public construction is running above late 1957 due primarily to increases for public housing and highways.

Private residential construction rose 6 percent from the second to the fourth quarter of 1957, and outlays declined slightly in the first quarter to 14.3 billion dollars seasonally adjusted annual rate. Nonfarm housing starts have declined in recent months, and for the first quarter of 1958 totaled 933,000 units on a seasonally adjusted annual rate basis compared with about a million units started in the last quarter of 1957. Unusually bad weather during February and March apparently delayed building somewhat. The recently enacted emergency housing legislation is planned to provide additional funds for the purchase of mortgages, reduce down payment requirements on FHA insured mortgages and extend the VA direct loan and guaranty programs for 2 years. The objective of this legislation is to stimulate the demand for residential housing by making it easier than in recent years to secure financing for the purchase of homes. Other private construction activity--industrial, commercial, farm, public utility and private institutional buildings--reached a peak annual rate of 19.5 billion dollars in the final quarter of 1957. But during the first quarter of 1958 these outlays declined by about a half billion dollars as business investment spending declined.

Industrial and commercial building was down 7 percent from the last quarter of 1957, and 8 percent from the first quarter of 1957. Farm construction was virtually unchanged in the first quarter and at about the level of a year earlier. Public utility outlays were slightly below the last quarter of 1957 but 12 percent above a year earlier.

Government Demand

Government outlays by Federal and State and local Governments continued to rise in 1957, except for a dip in the third quarter. But the rise was slower than in 1956. Government spending is scheduled to increase further this year.

Federal Government purchases advanced in 1956 and early 1957 and by midyear were up $4\frac{1}{2}$ billion dollars from a year earlier with all the gain in national security programs. However, purchases were cut back about $1\frac{1}{2}$ billion dollars between the second and fourth quarters of 1957 and have remained at the reduced level in the first quarter of 1958. The Budget submitted to the Congress early this year contained recommendations which would increase purchases 2 billion dollars in the fiscal year ending June 30, 1959. Since that time the President has submitted additional requests for new appropriations as well as ordering a speedup of contracting on the basis of existing funds.

State and local Governments increased their outlays 3.0 billion dollars between early 1957 and early 1958. Wage and salary payments of State and local Governments increased during the past year. Employment increased a quarter of a million and wage rates were generally higher. Construction outlays for schools,hospitals, other buildings and highways all advanced during 1957. A continuation of the uptrend in State and local Government outlays in recent years is likely during the remainder of 1958. Increased Federal aid for highways and a further expansion in schools and other facilities will contribute to the expansion of outlays in 1958.

Consumer Income and Expenditures

Consumer income and spending has declined only slightly overall in recent months despite a substantial cutback in industrial output, employment and wage and salary payments. With increased unemployment insurance payments, consumer income after taxes in the first quarter totaled 1 percent below the final quarter of 1957. Per capita incomes are down more, and if incomes are adjusted for higher consumer prices, real incomes per person in the first quarter averaged about 3 percent below the third quarter of 1957.

Durable Goods Sales Down Sharply

As consumer incomes continued to decline in the opening months of 1958, expenditures by consumers on durables declined to a level some 8 percent below the fourth quarter 1957 rate and 12 percent below a year earlier. In recent months there has been a sharp curtailment of automobile sales and some letdown in furniture and appliance sales.

Installment credit outstanding decreased 435 million dollars during February to a level of 33.3 billion dollars. After allowing for the usual seasonal factors, outstanding credit decreased 166 million dollars. This decline, which interrupted an uptrend which began late in 1954, reflected reduced sales of durable goods, particularly automobiles. Repayments on consumer debt continue to rise, but as sales are reduced, new credit extended has also declined resulting in a contraction in total indebtedness outstanding during February.

A recent survey of consumer buying intentions conducted by the Survey Research Center of the University of Michigan for the Federal Reserve Board indicates that consumers plan to purchase fewer new and existing housing

than in 1955-57 and they plan to purchase slightly less furniture and appliances than last year. They plan to purchase substantially fewer new automobiles than in recent years, but more plan to buy used automobiles.

Nondurable Sales Down Slightly

In contrast with sharp declines in expenditures for durable goods, consumers have reduced their purchases of nondurables only slightly from last fall. Retail sales of nondurable goods stores in the first quarter of 1958 averaged 4 percent above a year earlier but 1 percent below the third quarter of 1957. Based upon data through February, food store sales seasonally adjusted for the first 2 months of 1958 were 9 percent above a year earlier and 1 to 2 percent above the monthly average for the last quarter of 1957. Retail food prices were up 2 percent between December and February but they averaged nearly 5 percent higher than a year earlier.

Consumers continued in the first quarter of 1958 to expand their expenditures on services. They reached an annual rate of 108 billion dollars, up about 1 percent from the last quarter of 1957 and about 4 percent above a year earlier. Most of the rise in services reflects higher costs rather than increased volume.

Employment and Production

Employment trends since last fall have followed the decline in output. Civilian employment, seasonally adjusted, in the first quarter of 1958 totaled 64.0 million, down about a million from the high in the third quarter of 1957. Agricultural employment continued to decline, influenced by the long term downtrend. However, the recent increases in unemployment tend to reduce nonfarm job opportunities which have attracted farm workers in recent years. An easing in demand for consumers' and producers' durable goods in particular as well as substantial inventory liquidation have reduced the length of the work week and industrial employment. The number of workers on nonfarm payrolls in the first quarter of 1958 totaled 51.1 million, after seasonal adjustment, some 3 percent below the third quarter of 1957. Among the industry groups there was considerable variation in declines in employment. The sharp curtailments in purchases for durable goods reduced employment in durable manufacturing in the first quarter to a level 9 percent below the third quarter of 1957. Employment in nondurable manufacturing during the same period was down 3 percent. Employment in mining, construction and public utilities was also reduced about 6 percent. However, trade, finance, service, and Government industries increased their employment in recent months.

The factory work week in March 1958 averaged 38.5 hours, about the same as February but 1.6 hours below a year earlier and the lowest for any March in the postwar period. Hourly earnings were steady at $2.10, up 5 cents from March 1957. Weekly earnings of $80.85 were about the same as in February but, with a shorter work week, they totaled $1.36 below March 1957.

Unemployment in March Levels Out

The rapid increase in unemployment that began last fall leveled out in March and remained close to the February level of 5.2 million workers. Normally there is a moderate decline in unemployment at this time of year. The seasonally adjusted unemployment rate, therefore, rose to 7.0 percent of the civilian labor force in March, up from 6.7 percent in February and 3.9 percent in March 1957.

Industrial Output Well Below Last Fall

Output of the Nation's mines and factories in March, as measured by the Federal Reserve Board, stood at 128 percent of the 1947-49 average, down 12 percent from last August. Although the rate of decline apparently eased during March, production rates are well below capacity in a large number of major industries. The sharpest reduction in output have taken place in durable manufacturing. The index, seasonally adjusted, at 135 (1947-49=100) was down 17 percent from a year earlier. Among the durable industries, automobile production in March was down about 30 percent from a year earlier. Primary metals production reached 92 in March, down 3 percent from February and a third below a year earlier. Steel mills in March operated at 52 percent of capacity compared with 54 percent in February and 93 percent in March 1957. Output of machinery at 142 and fabricated metal products at 122 was down 17 and 12 percent, respectively, reflecting the cutback in investment spending.

Nondurable production eased off to 124 (1947-49=100), down about 1 percent from February and 5 percent from a year earlier. Production of textiles, paper and chemicals was lower while food and rubber were unchanged between February and March. Minerals output at 113 in March was down 5 percent from February and 14 percent from a year earlier.

Price Trends

During 1957 and early 1958 prices have moved up both at the retail and wholesale levels. The wholesale price index in the past year has reflected mixed price trends for industrial products and rising prices of many farm products and processed foods. Smaller supplies of red meats and of fruits and vegetables, because of cold weather have been largely responsible for the strengthening of retail food prices. In addition to food, consumer prices were higher for practically all groups including rents, medical care and transportation.

Wholesale prices of industrial products at 125.7 (1947-49=100) in March 1958 were only a fraction higher than a year earlier. Since late summer and fall the index has fluctuated around present levels; however, spot market

prices for raw materials in March were about 7 percent below a year earlier. Price trends during the past year have been mixed with increases for consumer durables, machinery, hides, skins and leather, chemicals, pulp and paper and declines for textile products, fuel and power supplies, lumber and some metals. Farm product and processed food prices at wholesale were up 13 and 7 percent, respectively, during the year reflecting shorter supplies mainly of livestock, vegetables and citrus fruits.

Urban consumer prices in February 1958 were up 3 percent from the opening months of 1957. Food prices rose $4\frac{1}{2}$ percent led by a $10\frac{1}{2}$ percent increase in the meat, poultry and fish group and a 7 percent rise in fruits and vegetables. Rents continued their long-term increase rising by 2 percent and transportation costs were up 3 percent. Costs of medical care rose nearly 5 percent. All services increased about 4 percent while commodities were up nearly 3 percent.

Prices paid by farmers for family living items on March 15 reached an all-time high of 293 (1910-14=100), up 3 percent over the year. Food and tobacco prices were up 5 percent above March 1957. Clothing prices and autos were up 2 percent while the cost of household operation averaged 3 percent higher. Prices paid for building materials and household furnishings were unchanged.

FARM PRICES, SUPPLIES, AND INCOMES

Farm product prices during the first 3 months of this year averaged more than 7 percent above year earlier levels. The index of prices received by farmers for all crops, which declined through most of 1957, recovered in the beginning of the year and by mid-March, crop prices were up 3 percent from March 1957. The sharpest gains in recent months have been in livestock prices, which averaged 15 percent higher in the first 3 months of this year than in January-March 1957.

The recent strengthening in farm prices has occurred despite declining economic activity. Reduced supplies of some major commodities and a well maintained demand for food and farm products are largely responsible for higher farm product prices. According to preliminary estimates, the decline in consumer income after taxes from the peak in the third quarter of last year to the first quarter of this year has been less than 2 percent.

The largest price increases in recent months have been in citrus fruits and vegetables and in hogs and cattle. Supplies of the former were cut heavily by bad weather this winter. Reduced production of cattle and hogs as well as some buildup in inventories this spring has reduced supplies of meats. Livestock production in 1958 will likely be up slightly from 1957. Larger spring and fall pig crops are expected this year while beef cattle marketings will continue lower than a year earlier. Livestock prices during the first half of this year will probably remain well above the same period of 1957. Later in the year heavier slaughter of both cattle and hogs than last fall is

Table 3.- Agricultural prices, first quarter 1957 to first quarter 1958

(1910-14=100)

Item	1957 First quarter	1957 Second quarter	1957 Third quarter	1957 Fourth quarter	1958 First quarter
Prices received, all farm products	237	243	247	241	254
Crops	236	242	233	222	233
Livestock and products	237	243	258	259	273
Prices paid, interest, taxes and wage rates	293	296	295	298	302
Family living	284	286	287	288	291
Production	256	259	257	260	266
Parity ratio	81	82	84	81	84

Table 4.--Comparison of average prices received for selected commodities with support prices for 1956, 1957 and 1958

Commodity	Unit	Support price 1956 crops	Season average price 1956-57	Support price 1957 crops	Season average price 1957-58	Support price 1958 crops	Average prices received Mar. 15, 1958
Tobacco:							
Flue-cured	Ct. per lb.	48.9	51.5	50.8	55.5	1/54.2	---
Burley	Ct. per lb.	48.1	63.6	51.7	60.1	1/55.0	---
Food grains:							
Wheat	Dol. per bu.	2.00	1.97	2.00	1.94	1/1.78	1.96
Rye	Dol. per bu.	1.27	1.16	1.18	1.10	1.10	.966
Rice (rough)	Dol. per cwt.	4.57	4.86	4.72	5.03	1/4.33	5.04
Feed grains:							
Corn	Dol. per bu.	1.50	1.29	1/ 2/1.40	1.17	1/ 2/1.36	1.00
Oats	Dol. per bu.	.65	.688	.61	.614	.61	.621
Barley	Dol. per bu.	1.02	.984	.95	.871	.93	.851
Grain sorghums	Dol. per cwt.	1.97	2.05	1.86	1.55	1.83	1.69
Oilseeds:							
Cottonseed	Dol. per ton	48.00	53.40	46.00	50.90	45.00	51.20
Soybeans	Dol. per bu.	2.15	2.18	2.09	2.09	2.09	2.10
Peanuts	Ct. per lb.	11.4	11.2	11.1	10.5	1/10.7	10.1
Flaxseed	Dol. per bu.	3.09	2.99	2.92	3.02	2.78	2.73
Dry edible beans	Dol. per cwt.	6.31	6.91	6.31	7.10	6.18	7.64
Cotton:							
American Upland	Ct. per lb.	29.34	31.63	28.81	3/32.50	1/30.75	26.05
Wool (grease basis)	Ct. per lb.	62.0	44.2	62.0	4/54.4	62.0	40.7

1/ Minimum support levels.
2/ Support price in commercial area, in compliance with allotments. In 1957 the support for non-compliance corn in commercial area was $1.10.
3/ Average price to December 1, all cotton.
4/ 10-month average.

expected and prices may dip below year earlier levels. For 1958 as a whole, prices of both cattle and hogs will likely average higher than in 1957. Broiler production is running above a year ago and prices are also up, reflecting the reduced supply of red meats and a generally strong demand for broilers despite some decline in consumer income. Prospects are that poultry and egg prices this year will average above 1957. Dairy production will probably total slightly higher again this year and, with lower support levels, prices are expected to average below 1957 levels.

Carryovers of such major commodities as cotton, wheat, and rice, were reduced during the 1957-58 marketing year. Stocks of food fats and oils (including oil equivalent of soybeans) are about the same. The excellent condition of the winter wheat crop, indicated plantings of spring wheat, and prospective market outlets point to another substantial increase in the wheat carryover during the 1958-59 marketing year. The prospects are for continued heavy feed supplies. The carryover of feed grains into the 1958-59 marketing year is expected to total around 60 million tons compared with 49 million at the beginning of the 1957-58 season. Planting intentions as of early last month indicated a 4 percent reduction in acreage of all feeds this spring. With normal yields this would result in a feed grain crop 10 to 15 percent below the 1957 record. But with the big carryover stocks in prospect this would mean a feed supply for 1958-59 only slightly below this year. If planting intentions are carried out and yields are average, output of all crops in 1958 would be down about 4 to 5 percent. However, in recent years production has not declined as much as suggested by early season acreage indications.

Prices of commodities and services sold to farmers have been increasing along with prices they receive for their products. The index of prices paid by farmers for commodities, interest, taxes, and wage rates was up about 3 percent from the first 3 months of 1957 to the first 3 months of this year. However, since prices received rose more rapidly than prices paid over the past year, the parity ratio in the first quarter averaged nearly 4 percent higher, than a year earlier.

Farm Income to Rise in 1958

Farmers' cash receipts from marketings in the first quarter this year were up 7 percent from a year earlier. Higher prices accounted for most of the gain though the volume of marketings was also a little larger. Increased receipts from livestock products were largely responsible for the gain.

Cash receipts are expected to be higher this year than in 1957 with the gain primarily in the first half of the year. Continued higher prices in prospect for livestock products, except for dairy products, would maintain incomes in coming months. With a substantial increase in hog marketings in prospect and increased production of poultry products, some decline in prices for these products is in prospect in the last half of the year. However, for

1958, as a whole, cash receipts from livestock products are expected to total larger than in 1957. Receipts from crops this year augmented by larger Soil Bank payments, will also likely total above 1957. Crop prices in the first quarter were a little below a year earlier. The volume of crop marketings may be a little larger, reflecting larger crops of wheat and soybeans and a sizable reduction in farm carryover stocks of cotton.

Production expenditures are also expected to increase from 1957. Most of the gain reflects higher costs for purchased livestock and increased charges for taxes and interest. Even with increased production expenses, the expected increase in gross farm income would result in a larger operators' realized net income this year--possibly 5 to 10 percent above the 11.5 billion estimated for 1957. Inventory gains last year reduced marketings. This year some stocks may be sold off.

FOREIGN DEMAND

Agricultural exports during the fiscal year 1956-57 totaled 4.7 billion dollars and during the calendar year 1957 they totaled 4.5 billion. Exports for the current fiscal year, ending June 30, 1958, are estimated at 10 to 15 15 percent below the comparable period a year earlier in value. Exports during the calendar year 1958 are expected to hold around the reduced levels reached in late 1957 and early 1958.

The current estimates are based on a combination of factors. Foreign supplies of a number of commodities are larger than a year ago, both due to increased production and larger inventories. For other commodities temporarily reduced availability from CCC stocks and smaller crops are currently impeding exports. Furthermore, foreign import demand is being tempered by some slackening of business activity abroad.

The level of foreign demand is also being affected by the international financial position of foreign countries. Extraordinary import demand and other factors, partly associated with the Suez crisis, reduced the foreign currency earnings of many foreign countries. Currency speculation aggravated the situation. As a result during most of 1957, the gold and short-term dollar reserves of foreign countries, with few exceptions, declined. Substantial loans from international and U. S. lending agencies and anti-inflationary measures stemmed the decline in the latter part of the year. In addition, foreign reserves were strengthened by a decline in the U. S. export surplus (as U. S. exports in the second half of the year declined while imports remained stable) and a record outflow of private capital from the United States. The net increase in foreign gold and short-term dollar holdings of 105 million dollars in 1957 compares with $1.5 billion in 1956. In the fourth quarter of 1957, however, the increase was at an annual rate in excess of one billion dollars. Gold and dollar holdings continued to increase early in 1958 and, barring a major change in the U. S. economy, appear likely to continue to increase during the year.

Table 5.--Estimated foreign gold and short-term dollar holdings, December 31, 1957

Area 1/	Dec. 31, 1957	Change from Dec. 31 1956	Change from Sept. 30, 1957
	Million dollars	Million dollars	Million dollars
Continental Western Europe - Total	14,715	602	276
Belgium - Luxembourg	1,182	-45	17
Germany	4,099	770	36
France	947	-558	-57
Italy	2/ 1,522	254	65
Netherlands	1,044	-27	73
Switzerland	2,671	159	144
Sterling Area - Total	3,998	64	367
United Kingdom	2,979	64	363
Canada	2,738	103	-53
Latin American Republics - Total	4,344	231	-217
Cuba	371	24	-45
Mexico	2/ 557	-43	4
Venezuela	1,548	490	-67
Japan	708	-437	10
Other Asia and Africa	2,000	-17	-93
Total Foreign Countries	28,503	552	290
International Institutions	2,697	-447	18
Total above	31,200	105	308

1/ Includes dependencies of European countries and U. K., excludes gold reserves of the U.S.S.R. and Eastern European countries. 2/ Includes latest reported figure for gold reserves (Oct. 1957).

Federal Reserve Bulletin, March 1958.

Of the 11 best dollar markets for U. S. agricultural commodities, 7 actually increased their gold and dollar holdings during 1957. Eight, notably the United Kingdom, showed substantial improvement during the last quarter of 1957. These 11 markets, Canada, Cuba, Mexico, Venezeula, Japan, Belgium, Germany, Italy, the Netherlands, Switzerland and the United Kingdom accounted for 2.8 billion dollars or nearly 60 percent of total agricultural exports in 1956-57 and nearly 80 percent of exports outside of P. L. 480 and Mutual Security Act programs.

About 1 billion dollars worth, or 20 percent of farm exports during 1956-57 went to 10 countries in more-or-less chronic balance of payments difficulty. Exports to these countries (Spain, Yugoslavia, Turkey, Israel, India, Pakistan, Indonesia, Formosa, Korea and Chile) are largely dependent on U. S. foreign aid and other special export programs. The contemplated extension of Public Law 480, and continuation of the Mutual Security Program as well as existing authorizations under these programs would seem to indicate a substantial volume of exports to countries in need of such financing during 1958.

In view of these general demand and supply factors, the export outlook for major commodities shapes up as follows:

Exports of wheat and flour during 1957-58 are estimated at about 25 percent below the 548 million bushels (grain equivalent) exported during 1957-58 when the poor European harvest swelled foreign demand. Exports during the first and second half of 1958 will likely be relatively stable. Rice exports reached a record 26.5 million hundredweight (milled basis) in 1956-57, mostly from CCC stocks. Reduced availability from this source during most of 1957-58 may result in a 50 percent drop in rice exports despite large foreign import needs; some pick up is in prospect the latter half of 1958. With reduced foreign output of feed grains and less feed-wheat, the outlook is for higher aggregate exports, perhaps one-fifth above the nearly 7 million short tons (including products) exported in 1956-57.

Exports of raw cotton may exceed 5.6 million running bales in 1957-58 compared with 7.3 million in 1956-57. Reduced textile activity abroad and larger foreign free-world production may further curtail exports during the second half of 1958. Tobacco exports are holding up better than expected in view of the higher foreign output and may be within 5 percent of the 501 million pounds exported in 1956-57. Exports of all fats and oils (excluding butter) totaled 4,842 million pounds in 1956-57 on an oil equivalent basis. For the current year only a slight reduction in this total is indicated despite increased foreign competition. Reduced shipments of lard and vegetable oils will be nearly offset by record exports of soybeans. During the second half of 1958 total exports of fats and oils may exceed the comparable period in 1957. Among other livestock products, exports of meat will be less than half the 1956-57 total of 291 million pounds (carcass weight) due to reduced PL 480 activity; exports of hides and skins may again exceed 10 million pieces; but egg exports (all forms) may total less than half the 55 million dozen reached last fiscal year. Exports of dairy products, consisting largely of foreign donations, should remain close to last year's level. Reduced U. S. supplies together with larger European crops will curtail somewhat exports of fresh citrus and may reduce exports of dried fruits by possibly 25 percent. But, with smaller foreign and ample U. S. supplies, exports of apples may more than double.

LIVESTOCK AND MEAT

Increasingly, 1958 is proving to be a year marked by a considerable withholding of meat animals, with some expansion of inventories in prospect. This seems to be true for all species, cattle, sheep and hogs, and it is one of the few times that trends for the three have coincided.

The withholding occurs after two years of reduction in numbers of cattle and production of hogs. With slaughter supplies tending downward, and consumer demand for meat weakening only a little, the immediate result of withholding is to create a price boom. The boom feeds on itself; each rise in price stimulates further holding back, to speed the expansion. This spiral, so

dangerous to future prices, may not build as high as some have done previously, such as that of 1950-51. One reason is that moderate increases in current slaughter supplies are already underway, and the burst of demand accompanying the Korean outbreak which fed the 1950-51 boom is absent.

Prices of meat and meat animals in late winter approached previous highs. They did not reach them, and are not likely to do so. Late winter prices were at or near the peak expected for 1958. Prices of fed cattle are expected to decline seasonally this spring and to average moderately lower this summer than during the winter. This reduction will probably choke off some of the upsurge in prices of grass cattle. Prices of hogs may fluctuate about their early-spring level until mid-summer. They will decline later; yet even at their low this fall they will compare favorably with previous years. Prices of lambs will doubtless share in the general price strength. On the whole, 1958 will rank as a comparatively good price year, and cash receipts from marketings of meat animals may be the highest since 1952.

The cattle industry, which has benefitted from fast growth in demand, could incur difficulty if the expansion now beginning should proceed too fast. Increases would start from a high level (the 1956-58 reduction in cattle numbers was only 3 million); and any slippage in consumer incomes will affect beef more than pork. The consequence of too rapid an increase in cattle numbers will not appear for two years or longer; until then, prices will hold up well. Production of hogs is now on an uptrend. Farrowings this fall will probably be up by somewhat more than the 5 or 6 percent gain apparently occuring in spring farrowings. At such an expansion, prices next winter and spring would be appreciably lower than this past season but yet relatively favorable. Significant price effects of any overexpansion in hogs probably would not occur before the fall of 1959.

Supplies of meat for consumption in 1958 may drop to 151 pounds from last year's 159 pounds. This would be 1 pound below the average of the last 10 years. Prices of meat at retail may recede only moderately from their early spring level. Prices of the high grades of beef may slip a little by summer, and a decline for pork is in prospect for this fall.

DAIRY PRODUCTS

Prices to farmers for manufacturing milk and butterfat declined slightly as a result of the reduction in support level effective April 1. The reduction to 75 percent of parity, amounted to a smaller dollars and cents decline than appeared likely in earlier months, because of the 1 percent rise in the parity price in March. The 1958-59 support price of $3.06 per hundredweight is for manufacturing milk of the national yearly average fat test, which in recent years has approximated 3.9 percent. The support level for butterfat will be 56.6 cents per pound, 2 cents below the support level of the past 2 years.

The reduction in manufacturing milk and butterfat prices will be general throughout the country, but the effect of the change in the manufacturing milk price on fluid milk prices will vary among markets with some not showing any change for the time being. The price received by farmers for milk sold wholesale of average fat test may show a decline of 12 to 14 cents from the $4.20 of 1957. Despite these lower milk prices, relationships between milk and feed prices will be considerably above average. Costs of production items other than feed probably will be higher. This together with high meat animal prices will tend to restrict milk output in some areas. On the other hand, the higher meat animal prices have helped to increase cash receipts for the dairy enterprise as a whole, in all areas.

Farmers began 1958 with 2 percent fewer cows. But with large supplies of feed concentrates on hand, relatively favorable milk-feed price relationships, and the general tendency for production per cow to increase, it is likely that total milk production in 1958 will exceed by around 1 billion pounds the previous record of 126.4 billion pounds in 1957. Sales of milk by farmers probably will show a larger increase than production, as has been the case for 16 years. Cash receipts from the sale of milk and cream probably will be a little under the 4.6 billion dollars for 1957, as the increase in volume of sales will not quite offset the prospective reduction in average price.

Utilization of milk sold by farmers showed little change from 1956 to 1957, and for the second consecutive year more butter was made from whole milk than from farm-separated cream. Consumption of dairy products per person showed an overall decline from 1956 to 1957 of about 2 percent. Fluid milk and cream use averaged 351 pounds in 1957, down 3 pounds from 1956. Use of all other items showed reductions. Slightly lower retail prices for manufactured dairy products in 1958 will tend to stimulate their use. Consumer incomes have declined slightly but in the past moderate changes in consumer incomes have had little effect on demand for dairy products.

The expectation of price reductions on April 1 induced heavy sales to the CCC of butter, American cheese and dry milk. Private stocks were reduced to the lowest levels since 1954. In the 12 months ended March 31, the CCC bought the equivalent of 6.8 billion pounds of milk, a volume second only to the record high of 11 billion purchased in 1953-54. The 6.8 billion is equivalent to a little over 5 percent of production, compared with 4 to 5 percent in each of the preceding 3 years. Some decline is likely in the current marketing year. In March butter was added to the list of commodities available for relief distribution along with cheese, nonfat dry milk and other items which have been distributed to all designated claimants for some time.

In the message vetoing a bill pertaining to support levels on several farm products, the President announced that during the remainder of 1958 no dairy products would be sold to domestic commercial buyers at less than the equivalent of 90 percent of parity. Last marketing year such sales were made at only slightly above the support price and therefore somewhat below the 90 percent level.

POULTRY AND EGGS

Prices received by farmers for eggs continue sharply above last spring, broiler prices are up slightly, and prices for seasonally small marketings of turkeys are about the same as a year earlier. When considered in the light of the current supply situation, recent price levels indicate a strong demand for eggs and poultry meat.

Local market egg price quotations in mid-April were lower than in mid-March, when the average price to farmers was 40.8 cents per dozen but continued above a year ago. Production is smaller than last spring, reflecting a 3 percent reduction in the number of layers on hand. On April 1, storage stocks of shell eggs were less than 10 percent of a year earlier, and frozen eggs in storage were two-thirds of the year before.

Hatchings of replacement-type chicks in the first 3 months of 1958 averaged 8 percent above 1957, and April 1 eggs in incubators were 2 percent above last year. These moderate increases are not likely to result in a burdensome increase in egg production this fall. Even though more pullets than last year may be added to the laying flock, this may not cause a net increase in the total number of layers because there is a larger than usual number of hens to be replaced by pullets. Therefore, any increases in egg production in the last quarter of 1958 from a year earlier will result from prospective increases in rate of lay per bird.

Broiler production continues almost 10 percent above a year ago. Recent prices in producing areas have been close to a year earlier. The mid-March average price to farmers was 21.5 cents per pound. High prices and reduced supplies of red meats have sustained the demand for broilers. Farm chickens are also higher than last year, 16.7 cents per pound in mid-March compared with 14.8 cents in mid-March 1957.

Prices for dressed turkeys, now mostly from storage, are higher than last year for hens and small turkeys but lower for toms. The number of poults started for 1958 slaughter has been reduced 16 percent from early 1957 as indicated by hatchings of poults September through March, and anticipated April hatchings. Through the end of April, about 60 percent of the 1957-crop turkeys had already been hatched. The percentage cut from 1957 in poult hatchings is not likely to be as sharp in the remainder of the season as it has been so far.

OILSEEDS, FATS AND OILS

Record supplies of soybeans will be available the rest of the marketing year and farm prices probably will continue to average near the support level of $2.09 per bushel. Based on current estimates of domestic use and exports of soybean oil, soybean crushings for the 1957-58 marketing year probably will total around 340 million bushels, about 25 million more than the 1956-57 peak. Soybean exports for 1957-58 probably will be about 90 million bushels,

slightly above last year's record. This would leave a carryover on October 1, 1958 of approximately 30 million bushels, 20 million above a year earlier but still only 6 percent of the crop.

The Government likely will hold a considerable share of the carryover of soybeans next October 1. About 88 million bushels remained under support in mid-March and a substantial portion of this probably will be acquired by CCC when loans mature on May 31. A large volume of soybeans is expected to move from CCC hands into trade channels during the summer. Estimates of crush and exports indicate about two-thirds of the beans under support will be needed before 1958 crop is available.

Soybean oil prices through the spring are likely to continue around present levels and somewhat below a year earlier. Prices later in the marketing year will be influenced by the size of supplies of edible oils. If crop prospects suggest large supplies in 1958-59, pressure on supplies this summer probably will not be great. Pressure would increase, however, with signs of a drop in total carryover stocks of cottonseed and soybean oils below the estimated 375-400 million pounds. The outlook for exports this fall also will have a bearing on prices this summer.

Demand for soybean oil and meal will continue fairly strong, and the price spread between the cost of soybeans and the value of products is not likely to change much. There probably will be less incentive this year to reduce commercial stocks of soybeans and soybean products to a minimum as the support price for 1958 crop soybeans will be the same as for 1957.

Exports of cottonseed and soybean oils and the oil equivalent of soybeans in 1957-58 probably will total about 2.1 billion pounds compared with last year's record of nearly 2.2 billion pounds. About 60 percent of the edible oils (not including soybeans) is expected to move out under P. L. 480 and ICA programs. Shipments of soybean and cottonseed oils under P. L. 480 so far this marketing year are lagging more than commercial exports. However, recently concluded P. L. 480 agreements for large amounts of oil are expected to boost exports during the remainder of the marketing year.

Cottonseed crushings and oil output in August 1957-February 1958 were down about 15 percent from the like period a year before. The decrease is about in line with the smaller crush and oil production expected for the entire season. The refining loss for cottonseed oil this season continues to mount, reflecting rain damage to part of the crop. The loss during August-February average 8.5 percent compared with 5.7 percent a year earlier. The refining loss for the entire season probably will average about 8 percent. In terms of oil, the loss may be around 35 million pounds above the 77 million last season.

Prices of cottonseed oil (crude, Southeast mills) have trended upward from 12.7 cents per pound in the early fall to a peak of 15.0 cents in January 1958. They have benefited from the strong domestic demand and sharply reduced supplies this marketing year. Cotton oil prices slid off slightly after January and in mid-April were 13.8 cents per pound, about 0.5 cents above a year earlier. Cotton oil prices probably will be well sustained during most of the remainder of the crop year at an average somewhat above last year. Demand will continue strong, and prices may rise as crushing mills shut down and cottonseed oil stocks are reduced. Prices during the summer will be influenced by new crop prospects.

The cottonseed oil supply will tighten before the 1958 crop is crushed. Supplies in 1957-58 are 25 percent smaller than in the previous season. If current estimates of exports and domestic use are reasonably accurate, carry-over stocks of cottonseed oil on August 1, 1958 will be about 25 percent below a year earlier and at the lowest level since 1948.

Lard output in the current marketing year is now forecast at 2,525 million pounds, about 100 million below last year. Hog slaughter in the early months of the marketing year was not as large as expected. Slaughter this spring may average about the same as last spring. Exports of lard during October 1957-February 1958 dropped about 18 percent from the previous year as foreign competition stiffened along with reduced world demand. Total lard exports and shipments for the entire marketing year probably will total around 450 million pounds, compared with 590 million in 1956-57. Very little lard has moved under P. L. 480 this year. Domestic use of lard so far this marketing year is running around 10 percent below a year earlier. Use of lard in shortening is down sharply.

Early season indicators point to near-record supplies of food fats in the 1958-59 marketing year. An increase in the output of lard is in sight. Cottonseed oil output may decline slightly because of the 5 million cotton acreage placed in the Soil Bank. Butter production is expected to be near this year's level. Total supplies of soybeans (including carryover of soybeans) in 1958-59 are expected to be larger than in the current year.

Flaxseed prices (No. 1 Minneapolis) rose from a low point of $3.07 per bushel last July to a peak of $3.42 in December, mainly in anticipation of a short supply of flaxseed and linseed oil this marketing year. However, crusher demand for flaxseed has declined in recent months reflecting a sharp drop in the consumption of linseed oil. Flaxseed prices have been slipping and in mid-April were $3.00 per bushel, 15 cents below a year earlier and somewhat under the Minneapolis equivalent of the support level of the 1957 crop. Important factors contributing to the drop in domestic use of linseed oil have been the general decline in economic activity beginning last fall, the relatively high price to which linseed oil had climbed in relation to competing oils, and perhaps some reduction in inventories by the drying oil trade. These recent developments have tended to ease what appeared to be a relatively tight situation only a few months ago.

Domestic consumption of linseed and other drying oils is likely to continue somewhat below last year for the remainder of this marketing year, because of the slackening in industrial production and competition from lower-priced substitutes.

FEED

Farmers are planning a 4 percent reduction in the total 1958 acreage of feed grains. But with an average growing season this year, the 1958-59 supply of feed concentrates probably would be down only a little from the record supply for 1957-58. The 1958 prospective acreage, at 1952-56 average yields adjusted for trends, would result in feed grain production around 10 percent below the record output of 142 million tons in 1957. A crop this size plus the record carryover of around 60 million tons in prospect, however, would give a total supply of all feed concentrates only slightly below the record supply of 219 million tons last year. Supplies of protein feeds for 1958-59 also are expected to continue near the high level of 1957-58. The 60 million ton carryover of feed grains would be sufficient to maintain domestic consumption at an average rate in 1958-59, even if the growing season should be one of the poorest on record. The total number of grain-consuming livestock is expected to increase to around 168 million units in 1958-59. This would be 3 percent above the current feeding year and close to the post-war peak in 1950-51.

Based on farmers' March 1 planting intentions, a 2 percent increase is in prospect for corn acreage, but this is more than offset by prospective reductions of 8 percent in oats, 3 percent in barley and 13 percent in sorghum. The combined acreage of the four feed grains would total 146 million acres (excluding an allowance for acreage of sorghums harvested for forage and silage), 7 million acres less than in 1957 and 2 million below the 1952-56 average. More effective restrictions on the use of crop acreages under the Acreage Reserve Program, increased acreage seeded to wheat and the additional acreage going under the Conservation Reserve Program have contributed to the reduction in the total feed grain acreage.

Farmers' plans for corn will be influenced to some extent by the acreage of corn finally signed under the 1958 Acreage Reserve Program. Farmers signed agreements in February to place about 4 million acres of corn in the Reserve Program this year. This was the maximum permitted by funds originally allocated to the 1957 corn program. An additional 3.1 million acres have been offered by producers for reserve sign-up and legislation has been enacted that would provide funds for about 3.0 million of this acreage, or a total of about 7.0 million acres. In 1957, 5.2 million acres were placed under the Acreage Reserve Program.

Feed prices have advanced during the past few months from the low levels reached this past fall and winter. The price of No. 3 Yellow corn at Chicago average $1.26 per bushel in the week ended on April 11, 17 cents per bushel higher than the season low in late January. Average prices received by farmers for sorghum grain rose 19 percent from November to March, and prices of oats and barley have strengthened since last fall. While these gains are partly seasonal, they also reflect generally favorable livestock prices and the heavy movement of feed grains under the price support program. Feed grain prices, however, continue lower than a year earlier, down 16 percent in March and are generally below the 1957 supports. They probably will continue lower than a year earlier this spring and summer if growing conditions are favorable for 1958 crops. Prices of high protein feeds have advanced sharply since January as supplies of some of these feeds are relatively short. Demand for these feeds also has been enhanced by higher prices of livestock and livestock products. In March they averaged 9 percent higher than a year earlier.

The Department of Agriculture announced a national average price support of $1.36 per bushel for 1958 corn produced in the commercial area in compliance with acreage allotments, 4 cents lower than in 1957. Price supports, previously announced for 1958 crops of other feed grains, are as follows: oats, 61 cents per bushel, the same as 1957; barley, 93 cents per bushel, 2 cents lower than last year; and sorghum grain, $1.83 per cwt., 3 cents lower.

Present indications are that a record tonnage of 1957 feed grains will be placed under support with a reduced quantity of corn being more than offset by larger quantities of other feed grains. Through March 15, farmers had placed 291 million bushels of sorghum grain and 142 million of barley under price support from the big 1957 crops, the largest of record. Corn placed under support through March 15 totaled 259 million bushels, much less than the 362 million a year earlier. Fewer corn producers in the commercial area are eligible for the full price support and much of the corn is too high in moisture content to qualify for price support.

WHEAT

The 1958 winter wheat crop was forecast at 964 million bushels as of April 1. The first estimate of spring wheat production will be made June 10. Assuming average yields of the last two years on intended acreage, the spring wheat crop would total around 225 million bushels. This, together with the 964 million bushels of winter wheat, would indicate a total all wheat crop of around 1,190 million bushels.

With total disappearance of possibly 990 million bushels (590 domestic and possible exports of 400 million), an increase July 1, 1959 of about 200 million bushels would be indicated from the estimated carryover of about 880 million bushels for July 1, 1958. A wheat crop of 1,190 million bushels would be 26 percent above the 947 million bushels produced in 1957 and 7 percent above the 1947-56 average of 1,116 million bushels.

A winter wheat crop of 964 million bushels would be 57 million bushels above the December 1 forcast, nearly 36 percent larger than the 1957 crop and 13 percent above average. Increases from prospects as of December 1 have been largely confined to the Great Plains, Mountain and Pacific Coast States. Such increases more than offset rather sharp reductions in production prospects in the South Atlantic and South Central regions, except Oklahoma and Texas.

The indicated yield at 21.9 bushels per seeded acre is the highest of record and compares with 18.8 in 1957 and the average of 15.9 bushels. Total abandonment and diversion to uses other than grain is indicated at 2.5 million acres, 5.6 percent of the total acreage seeded for all purposes last fall and winter. This is slightly less than indicated last December. Last year, 5.9 million acres or 15.8 percent of the total acreage seeded were lost or diverted. The acreage seeded to winter wheat was estimated in December at 43.9 million acres, and intentions March 1 indicated 12.6 million acres of spring wheat. These total 56.5 million acres. This year farmers are placing about 5.3 million acres in the Acreage Reserve of the Soil Bank Program, of which 3.9 million is winter and 1.4 million spring wheat acreage. Last year the total was 12.8 million acres.

Cash wheat prices on April 14 generally were at or close to the high for the season to date. Prices at the various markets on that date were generally about at the support level for the 1957 crop, except white wheat at Portland which was 11 cents below the high reached on December 6 though one cent above the loan. However, on April 18 prices had declined as follows: No. 2 Hard Winter at Kansas City, 8 cents; No. 2 Soft Red at St. Louis, 3 cents; and No. 1 Soft White at Portland, 5 cents. At Minneapolis, the price of No. 1 Dark Northern Spring was up one cent.

On March 15 216.9 million bushels remained under loan and purchase agreement from the 1957 crop. Of the 255.5 million bushels originally placed under the support program, farmers had repaid 26.9 million, delivered 2.0 million to CCC and elected not to deliver 9.7 million under purchase agreements. In addition, 7.5 million bushels of 1956-crop wheat and 2.5 million bushels of 1955-crop wheat remained under reseal.

Exports of wheat, including products, July through March totaled about 286 million bushels, 112 million less than in the same period a year earlier. Exports of about 400 million bushels continue to be expected for the entire marketing year ending June 30, 1958.

RICE

The supply of rice, in rough rice equivalent, totals about 63.4 million cwt. for 1957-58. This is 21.0 million cwt. below the record 84.4 million a year earlier and the smallest since 1953-54. The smaller supplies this year reflect record large exports in 1956-57 and reduced production in 1957. Domestic disappearance is expected to total about 27.2 million cwt., which is about average. Quantities used for food, seed and by brewers are expected to be higher, but feed use is expected to be below a year ago. Exports may total about 19.0 million cwt., largely from CCC stocks and under Government financing. This disappearance would leave about 17.2 million cwt., in terms of rough rice, as the carryover on August 1, 1958. While a carryover of this size would be down sharply from the record of 34.6 million cwt. on August 1, 1956, it is still large, almost 7 times the average of 2.6 million cwt. in 1945-54 before stocks began to accumulate.

The acreage of rice seeded in 1958 may total 1.46 million acres, according to March 1 planting intentions. An acreage of this size would be 6 percent above the 1.37 million in 1957 but 25 percent below the 1947-56 average of 1.94 million acres. If intended seedings materialize and yields per acre equal the 1955-57 average by States, the 1958 production of rice would be about 45 million cwt., $4\frac{1}{2}$ percent above the 43.1 million cwt. produced last year. With domestic disappearance in 1958-59 estimated at about $27\frac{1}{2}$ million cwt., slightly higher than this year, a crop of this size would require exports of about 18 million cwt. to avoid an increase in the carryover August 1, 1958.

FRUIT

Consumer demand for fruit is expected to hold up well this spring and summer. Total supplies of fresh and processed fruits will be somewhat smaller than in the spring of 1957. Grower prices for most citrus fruits through the summer are expected to continue above a year earlier as supplies will be reduced.

The prolonged cold weather in the Eastern States delayed the blossoming of early-season fruits such as peaches. The delayed bud development of peaches will reduce the chances of later damage from spring frosts. In the Southern States, the April 1 condition of the peach crop was the best for that date since 1945 and the second highest in 45 years of record. In the Pacific slope States, the winter was relatively mild, but heavy rainstorms, especially in California, in March and early April struck many of the fruit and nut orchards while in bloom, causing as yet undetermined damage.

The cold and rainy weather severly reduced the Florida winter crop of strawberries and also delayed and perhaps reduced somewhat early spring production in other States. Prospective smaller mid-spring and late-spring acreages this year than in 1957 point to lighter supplies from these acreages than in 1957. This part of the strawberry crop provides most of the volume that is processed as well as that shipped to fresh markets. For most 1958 crop deciduous fruits, the season is not yet far enough advanced to give a good indication of production.

On April 1, 1958, cold-storage stocks of apples were much larger than a year earlier, and those of pears were not greatly different from the stocks of that date in 1957. In Washington, where most of the remaining stocks of apples were located, grower prices for leading varieties, good quality and condition, increased moderately during late March and early April but still averaged considerably under the unusually high prices of a year earlier, when stocks were much lighter. Prices for eastern apples continued fairly steady at levels somewhat under a year earlier. On the principal terminal auctions, prices for the D'Anjou pear, which comprised most of the pears in storage, increased somewhat during late March, then declined. In early April, prices averaged moderately under those of the same time in 1957.

Supplies of fresh oranges and grapefruit from Florida will be much smaller this spring than a year earlier and the season of heavy shipments will end earlier this spring than usual. This is mainly because of the reduced crop due to the winter freezes and the increased utilization to minimize losses from the freezes. With lighter production of California Valencia oranges as well as Navels, supplies from that State will continue smaller until next fall than comparable supplies from the 1956-57 crop. Grower prices for both Florida oranges and grapefruit increased sharply in late March and early April to levels much above a year earlier. Auction prices for California oranges increased to a level about twice that of a year earlier. Although remaining supplies of California lemons are not quite as large as a year ago, they are expected to continue adequate for the usual domestic requirements.

In Florida, the pack of frozen orange concentrate by April 5 was about the same as comparable output in 1956-57. Packers' stocks were down about 9 percent. With increased retail prices this winter, utilization by household consumers has declined. Output of Florida canned single-strength orange juice has been much heavier, that of grapefruit juice a little lighter, through April 5 the 1957-58 season than in the same part of 1956-57. Packers' stocks of canned orange juice were moderately above a year earlier, and those of grapefruit juice about the same as a year earlier. With the prospect for much lighter production of frozen concentrate and canned juice from Florida Valencias this spring than a year earlier, total supplies of frozen and canned citrus juices are likely to be smaller this spring and summer than last.

Stocks of frozen deciduous fruits in cold storage on April 1, 1958 were about 6 percent larger than a year earlier. But stocks of strawberries, the leading item, were about 17 percent smaller.

COMMERCIAL VEGETABLES

For Fresh Market

Supplies of vegetables for fresh market sale during the remainder of the spring may be about the same as a year earlier. Estimates by the Crop Reporting Board, in early April, indicate that aggregate production of 18 commercial vegetables for fresh market is likely to be 4 percent smaller than last year and 3 percent below the 1949-56 average. But marketings of many crops have been much lighter in the early weeks of spring than a year ago so that a larger percentage of the crops remain. These 18 crops typically make up about three-fourths of the total spring tonnage, excluding melons. Among more important vegetables, smaller production was estimated for early spring broccoli, cabbage, cauliflower, lettuce and onions, early and mid-spring asparagus combined, and spring carrots, celery, green peppers and spinach. Early spring cucumbers and tomatoes are the only major crops for which sizeable increases over a year earlier are indicated. Production estimates are not available for late spring asparagus, cabbage, onions, or watermelons, or for the spring crops of lima beans and cantaloups. Indicated acreage of late spring asparagus is slightly larger than last year and onions substantially larger, while acreage of watermelons is slightly smaller and cabbage moderately smaller. Acreages of spring lima beans and cantaloups are expected to be materially smaller.

Consumer demand for fresh vetetables appears to be about the same as a year earlier. During the next 6 to 8 weeks overall supplies of vegetables will increase seasonally and prices will decline. However, prices during this period are likely to average near the relatively high levels of a year earlier.

Intentions reports indicate that acreage of early summer onions is likely to be materially smaller than in 1957, cabbage slightly smaller and watermelons substantially larger. A larger acreage is also indicated for late summer onions and watermelons and a slightly smaller acreage for cabbage.

For Commercial Processing

Supplies of processed vegetables are moderately smaller than the large supplies of a year ago. But total supplies are substantially larger than the 1949-56 average, with most major items in ample to heavy supply. Among major

canned items, stocks of green peas are much larger than a year ago, snap beans substantially larger and sweet corn slightly larger. But remaining supplies of sauerkraut are materially smaller than last year, and indications are that tomatoes and tomato juice are also in lighter supply. With ample to heavy carryover stocks of most items in prospect at the end of the current season, processors are likely to seek an overall 1958 pack moderately smaller than in 1957. Packers in early March, reported about 20 percent smaller acreage of winter and spring spinach for processing than last year, with the prospect of 15 percent lighter tonnage. Intentions reports also indicate plans to plant or contract 15 percent less acreage of green peas for processing, 13 percent less sweet corn, 5 percent less green lima beans and slightly less snap beans. Prospective acreage of cabbage for kraut (contract only) is up 9 percent, and tomatoes for processing up 1 percent. Should yields and abandonment on the indicated acreage be near the average of recent years, aggregate production of those crops would be a little smaller than in 1957. Production of green peas and sweet corn would be substantially smaller than in 1957, green lima beans at least moderately smaller, and snap beans the same to slightly smaller. Production of tomatoes for processing would be moderately larger.

POTATOES AND SWEETPOTATOES

Supplies of potatoes this spring are substantially smaller than a year earlier. Stocks of fall crop potatoes and hand March 1 were 20 percent smaller than a year ago, and indications are that spring production is likely to be down from the high level of 1957. Prospective production for early spring harvest is down 15 percent from last year. Prices received by farmers during the next 6 to 8 weeks are expected to continue well above the low levels of a year earlier. Acreage for late spring harvest is up moderately, but the crop in some areas has been delayed and damaged by adverse weather. Barring another year of very high yields, such as last year, production on the indicated acreage would be moderately smaller than the large 1957 crop.

Remaining supplies of sweetpotatoes appear to be relatively light, and prices into early summer are expected to continue above those of a year earlier. If farmers stick close to March 1 planting intentions, supplies may be somewhat lighter in 1958-59 than in the current season. Prospective acreage is up fractionally, but yields near the 1952-56 average, on this acreage, would result in a production at least moderately below the 18.1 million hundredweight harvested in 1957. Should this production materialize prices probably would average moderately higher than in the current season.

COTTON

Disappearance of U. S. cotton during the 1957-58 marketing year is now expected to total about 13.6 million bales, approximately 2.6 million less than in the preceding season. Exports are expected to reach 5.6 million bales or more, about 2 million bales below last season but higher than in any other postwar year. The estimated domestic mill consumption of about 8 million bales will be about 0.6 million bales below the 1956-57 total. Cotton ginned from the 1957 crop, according to the Bureau of the Census totaled 10.9 million bales, 2.3 million below 1956. The carryover next August 1 is expected to drop about 2.6 million bales from the 11.3 million on hand a year earlier. This will be the second successive year that stocks have declined following a steady buildup from 1951 through 1956.

Domestic mill consumption of cotton during the period August 1 through March 1958 totaled about 5 1/2 million bales compared with 6 million bales during the same period a year earlier. Mill consumption is likely to continue below a year earlier through the rest of 1957-58 since the ratio of stocks to unfilled orders for gray goods at mills remains high. Consumption of cotton per capita in the U. S. in 1957 was about 23.7 pounds, 2.2 pounds less than in 1956 and 2.8 pounds below 1955. While the consumption of nylon and other noncellulosic manmade fibers increased in 1957 the decline in cotton, wool, rayon and acetate resulted in an aggregate decline of 6 percent in per capita fiber consumption compared with 1956.

Exports of cotton from August 1, 1957 through February 1958 were about 3.3 million running bales compared with 4.6 million a year earlier. As of April 18 sales of CCC stocks for export during the period August 15, 1957 to July 31, 1958 totaled about 5.6 million bales and for unrestricted use totaled 1.7 million bales. As a result of these sales, CCC inventory of 1956 and previous crop cotton totaled 1.4 million bales. In addition CCC had loans outstanding on 3.1 million bales of 1957 crop cotton. Thus CCC stocks as of mid-April totaled 4.5 million bales, 4.0 million bales less than a year earlier and 9.7 million bales below the record reach on January 20, 1956.

On March 28 the Congress made available funds sufficient for payments to all cotton farmers who had indicated desire to participate in the 1958 Acreage Reserve Program of the Soil Bank. As of that date, agreements accepted and on waiting lists totaled 5.1 million acres. Maximum payments on this number of acres would total $280 million. Actual agreements signed through April 4 totaled 4.4 million acres with maximum payments of $244 million. In view of the acreage reserve commitments the acreage harvested for cotton is likely to be at least 5 million acres smaller than the national acreage allotment of 17.6 million.

The minimum price support level for the 1958 crop of upland cotton was announced on February 7 at 30.75 cents per pound for Middling, 7/8-inch cotton at average location. This compares with 28.81 cents on the 1957 crop and 29.34 cents for the 1956 crop. The 1958 support level reflects 81 percent of the February parity price of 37.96 cents per pound. The announced level of support will be increased if a combination of the parity price on August 1, 1958 and the supply percentage as of that date indicate a higher level of support. However, it will not decline below the 30.75 cents already announced. The parity price applicable in April is 38.33 cents.

WOOL

The 1958-59 domestic wool marketing season opened this month with wool prices considerably lower than a year earlier, reflecting the decline in world demand for wool. Late in March, prices at the Australian auction centers ranged between 20 and 25 percent lower than a year earlier. Early in April, Boston quotations for domestic wools were from 15 to 50 cents per pound, clear basis, lower than a year earlier. The net declines from a year earlier ranged between 18 and 30 percent.

Prices abroad began a decline toward the end of last May that extended into early March of this year. Prices abroad have been relatively stable since early March, though the decline in domestic markets continued into early April.

The average of prices received by domestic growers this season is likely to be lower than that for 1957-58 marketing year and payment rates under the 1958 program will be higher than those for 1957 because the level of incentive payment remains the same.

After an advance which extended from the first quarter of 1955 into early 1957, the seasonally adjusted rate of wool consumption in the 11 countries, which report quarterly to the Commonwealth Economic Committee, declined sharply during the third quarter of last year. During the final quarter of the year it was 10 percent below a year earlier and the lowest since the last quarter of 1955. Although complete information is not yet available for the first quarter of this year, such limited information as is available suggests that the rate continued well below a year earlier.

Mill use of apparel wool in the U. S. during the first two months of this year was about one-third lower than a year earlier. The rate of consumption increased a little more than seasonally during February, when the seasonally adjusted rate was the highest since last September. It is too early to tell if the increase represents more than a temporary reversal of the downward movement which started in the summer of 1956. Historically, apparel wool consumption in the U. S. has shown a pronounced cyclical pattern.

TOBACCO

Cigarette output in 1958 is expected to continue near the high level of last year, when a record 442 billion cigarettes were produced. The 1958 consumption of cigars seems likely to be close to the 6.2 billion level of 1957, which was the highest since 1930. Output of smoking tobacco (mostly for domestic consumption in pipes and "roll-your-own" cigarettes) reached a new low of 70 1/2 million pounds in 1957, but indications are that the downtrend which has persisted for many years may not continue in 1958. Production this year may equal that in 1957 or show a small increase. However, the downtrend in chewing tobacco is likely to continue in 1958 and the years ahead. Snuff consumption this year is expected to remain fairly stable.

During 1957 additional cigarettes, about 80 millimeters in length, were placed on the market under established and new brands. Formerly the king size, close to 85 millimeters long, predominated among filter tips. The substantial volume of these shorter cigarettes and the expanding use of sheet tobacco were the principal factors in holding down use of tobacco leaf despite a 4 percent increase in total cigarette output.

The 1957-58 total supplies of flue-cured and burley are 5 and 1 percent below 1956-57, respectively. Further small reductions in supplies for 1958-59 are in prospect. The 1958 indicated acreage for flue-cured is 2 percent less than 1957 harvested acreage, while that of burley is 1 percent less. Although acreage allotments for growers of flue-cured and burley were mostly the same as in 1957, larger acreages than last year have been placed in the Soil Bank Program. About 62,500 acres of flue-cured and 10,350 acres of burley have been placed in the acreage reserve, equal to 9 percent and 3 percent of the allotments, respectively. Additional flue-cured acreage is to be accepted in accordance with recently authorized funds. The 1958-59 flue-cured supply seems likely to be about 5 percent below the current year's, while the burley supply may be down 1 percent.

The supply of Maryland tobacco in the current marketing year is 6 percent below a year ago and the smallest in 6 years. Auctions for the 1957 crop will begin April 29, about the usual date for this type. The average price of the 1956 crop (marketed mostly in 1957) was 51.6 cents per pound. The Government support price for the 1957 crop is 48.0 cents-- 1 cent higher than for the previous crop. Prospective 1958 acreage of Maryland is 5 percent smaller than last year. As in 1957, substantial acreage has been placed in the Soil Bank program.

Supplies of fire-cured and dark air-cured tobaccos in 1958-59 will be moderately lower than in 1957-58. This year's prospective acreages are down 16 and 13 percent, respectively. This reflects about a 10 percent cut in acreage allotments and placements in the Soil Bank.

The 1957-58 supplies of all cigar binder types combined are at a record low level, and 1958-59 supplies are likely to be still lower. Use of sheet binder on cigars in place of natural leaf binder continues to expand as additional manufacturers adopt it on their brands. Sizable drops in the supply level of the Connecticut Valley binder types--particularly affected by this development--are in prospect. Growers of Connecticut Valley binder types placed considerable acreages in the Soil Bank program, as they did in 1957 and 1956.

The 1958 crops of tobacco will be supported at the following minimum average levels (cents per pound): Flue-cured, 54.2; burley, 55.0; Virginia and Kentucky-Tennessee fire-cured, 38.8; dark air- and sun-cured, 34.5; Maryland, 50.6; Connecticut Broadleaf cigar binder, 55.7; Connecticut Havana Seed cigar binder, 47.5; Ohio filler, 23.2; Southern Wisconsin cigar binder, 25.1; and Northern Wisconsin cigar binder, 30.7. Actual support levels will be the higher of the announced minimum or 90 percent of parity for the particular tobacco as of the beginning of the marketing year (July 1 in the case of flue-cured and October 1 for other types).

Calendar year 1957 exports of unmanufactured tobacco totaled 560 million pounds (farm-sales weight)--2 percent less than in 1956 but 3 percent above the recent 10-year average. Exports last year were equal to about one-third of the small 1957 crop compared with a fourth of the larger crops of previous years. About 8 percent of total tobacco exports in 1957 were shipped under P. L. 480 programs. Exports in 1958 may show a small decline from last year but are not expected to differ much from the recent 10-year average.

ECONOMIC FACTORS AFFECTING AGRICULTURE, 1929, AND 1939-57

Item	Unit or base	1929	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957
Industrial production 1/																					
Total	1947-49=100	59	58	67	87	106	127	125	107	90	100	104	97	112	120	124	134	125	139	143	143
Manufacturers	do.	58	57	66	88	110	133	130	110	90	100	103	97	113	121	125	136	127	140	144	145
Durable goods	do.	60	49	63	91	126	162	159	123	86	101	104	95	116	128	136	153	137	155	159	160
Nondurable goods	do.	56	66	69	84	93	103	99	96	95	99	102	99	111	114	114	118	116	126	129	130
Minerals	do.	68	68	76	81	84	87	93	92	91	100	106	94	105	115	114	116	111	122	129	128
Total outlay for new construction 2/	Billion dollars	10.8	8.2	8.7	12.0	14.1	8.3	5.3	5.8	12.7	17.9	23.2	24.2	30.0	32.7	34.8	37.1	39.6	44.6	46.1	47.3
Private residential	do.	3.6	2.7	3.0	3.5	1.7	.9	.8	1.3	4.8	7.5	10.1	9.6	14.1	12.5	12.8	13.8	15.4	18.7	17.6	16.6
Total civilian employment 3/	Million	47.6	45.8	475	50.4	53.8	54.5	54.0	52.8	55.2	57.8	59.1	58.4	59.7	60.8	61.0	61.9	60.9	62.9	64.7	65.0
Nonagricultural	do.	37.2	36.1	38.0	41.2	44.5	45.4	450	44.2	46.9	49.6	51.2	50.4	52.3	53.7	54.2	55.4	54.4	56.2	58.1	58.8
Unemployed	do.	1.6	9.5	8.1	5.6	2.7	1.2	.7	1.0	2.3	2.4	2.3	3.7	3.4	2.1	1.9	1.9	3.6	2.9	2.8	2.9
Income:																					
Nonagricultural payments 2/ 4/ #	Bil. Dol.	77.7	67.1	72.6	88.0	111.5	137.6	151.6	156.8	161.1	172.8	188.5	190.8	210.5	235.7	253.1	269.2	271.3	290.6	311.7	327.5
Production-worker payrolls 5/	1947-49=100	35.0	29.9	34.0	49.3	72.2	99.0	102.8	87.8	81.2	97.7	105.1	97.2	111.7	129.8	136.6	151.4	137.7	152.9	161.4	162.7
Weekly earnings of production workers in manufacturing 5/	Dollars	25.03	23.86	25.20	29.58	36.65	43.14	46.08	4 .39	43.82	49.97	54.14	54.92	59.33	64.71	67.97	71.69	71.86	76.52	79.99	82.39
Durable	do.	27.22	26.50	28.44	34.04	42.73	49.30	52.07	49.05	46.49	52.46	57.11	58.03	63.32	69.47	73.46	77.23	77.18	83.21	86.31	88.66
Nondurable	do.	22.93	21.78	22.27	24.92	29.13	34.12	37.12	38.29	41.14	46.96	50.61	51.41	54.71	58.46	60.98	63.60	64.74	68.06	71.10	74.09
Agricultural trade 6/																					
Domestic exports	Billion dollars	1.7	.7	.5	.7	1.2	2.1	2.1	2.3	3.2	4.0	3.5	3.6	2.9	4.0	3.4	2.8	3.1	3.2	4.2	4.5
Imports for consumption	do.	2.2	1.1	1.3	1.7	1.3	1.5	1.8	1.7	2.3	2.8	3.1	2.9	4.0	5.2	4.5	4.2	4.0	4.0	3.9	3.9
Prices:																					
Wholesale prices, all commodities 5/	1947-49=100	62	50	51	57	64	67	68	69	79	96	104	99	103	115	112	110	110	111	114	118
Commodities other than farm and food	do.	66	58	59	64	68	69	70	71	78	95	103	101	105	116	113	114	114	117	122	126
Farm products	do.	59	36	38	46	59	68	69	72	83	100	107	93	98	113	107	97	96	90	88	91
Food, processed	do.	58	43	44	50	59	62	60	61	78	98	106	96	100	111	109	105	105	102	102	106
Prices received by farmers 7/	1910-14=100	148	95	100	124	159	193	197	207	236	276	287	250	258	302	288	258	249	236	235	242
Crops	do.	135	82	90	108	145	187	199	202	228	263	255	224	233	265	268	242	242	236	240	234
Livestock and products	do.	159	107	109	138	171	198	196	211	242	288	315	272	280	336	306	272	255	236	230	249
Prices paid, interest, taxes and wage rates 7/	1910-14=100	160	123	124	133	152	171	182	190	208	240	260	251	256	282	287	279	281	281	285	296
Items used in living	do.	154	120	121	130	149	166	175	182	202	237	251	243	246	268	271	270	274	273	278	286
Items used in production	do.	146	121	123	130	148	164	173	176	191	224	250	238	246	273	274	253	252	249	249	258
Parity ratio		92	77	81	93	105	113	108	109	113	115	110	100	101	107	100	92	89	84	82	82
Consumer price index 5/	1947-49=100	73	59	60	63	70	74	75	77	83	96	103	102	103	111	114	114	115	114	116	120
Food	do.	66	47	48	52	61	68	67	69	79	96	104	100	101	113	115	113	113	111	112	115
Government purchases of goods and services 2/ 8/ #	Billion dollars	8.5	13.3	14.1	24.8	59.7	88.6	96.5	82.9	30.9	28.6	36.6	43.6	42.0	62.8	77.6	84.4	76.6	77.1	80.2	86.4
Federal (less Government sales)	do.	1.3	5.2	6.2	16.9	52.0	81.2	89.0	74.8	20.9	15.8	21.0	25.4	22.1	41.0	54.3	59.5	48.9	46.8	47.2	50.4
State and local	do.	7.2	8.2	7.9	7.8	7.7	7.4	7.5	8.1	10.0	12.8	15.6	18.2	19.9	21.8	23.2	24.9	27.7	30.3	33.0	36.0

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ U. S. Department of Labor for years 1929-39. From 1940-46 old definitions used, 1947 to date new definition used, Bureau of the Census. 4/ Monthly totals seasonally adjusted at annual rates. 5/ U. S. Department of Labor, Bureau of Labor Statistics. 6/ U. S. Department of Agriculture, Foreign Agricultural Service. 7/ U. S. Department of Agriculture, Agricultural Marketing Service. 8/ Quarterly totals seasonally adjusted at annual rates.

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